



# The case for in-house services

A UNISON branch guide

# Foreword by Dave Prentis, UNISON general secretary

For too long the mantra of “private good, public bad” has dominated debates in politics and the media over who should run our public services. With unshakeable confidence the cheerleaders for the marketisation agenda have told us that the only way to increase efficiency and improve public services is to hand them over to the private sector. Without stopping to ask for the views of service users or public sector workers, more and more services have been “contracted-out” at a local level.

The credit crunch and taxpayer bail-out of the banking sector has presented those who believe in public services with both a problem and an opportunity. On the one hand, the increased levels of public sector debt have lead to calls for cuts in public spending and more privatisation. But it has also given many people a reason to question their previously blind faith in markets and the private sector.

At both national and local level UNISON wants to see changes that put people before profit and public interest before private greed. We have more than a million members delivering essential services to the public. Services that protect, enrich and change lives. We believe public sector reform works best when management and unions work together in the public interest. That is why UNISON’s Million Voices Campaign seeks to highlight the positive role of publicly owned and publicly run services.

This document gives branches the information to resist privatisation at a local level. It gives an alternative to the “private good, public bad” mantra. It questions the myths which have grown up around privatisation and suggests some alternatives. This guide compliments our organising and negotiating advice on contracting-out, details of which you can find on Page 12.

I hope this guide will help you in your local campaigns.



Dave Prentis  
UNISON general secretary

## A note on the language used in this document

This guide makes numerous references to “in-house services”. This refers to services paid for through public money and delivered directly through the public sector. Where services are provided in-house, services do not require public sector organisations, such as NHS trusts or local councils to enter into any contractual agreement with a third party outside of the public sector. Though the term “in-house” is used widely in the public sector, it is not so commonly used in the NHS. In the NHS terms such as “direct provision” and “NHS provision” are more commonly used. For the sake of simplicity, general references to in-house services should be assumed to refer to all public sector providers, including the NHS.

# Introduction

## In brief

- UNISON is at the forefront of arguing for public sector solutions to public sector reform. There is a huge amount of evidence that publicly run public services deliver good value for money and quality services which cannot be matched by the private sector.
- A mistaken consensus has developed among politicians, commentators and senior public sector officials that privatising services improves service delivery and saves the taxpayer money
- This is based on the assumption that the private sector is more flexible and better at managing service delivery.
- We can now see services across the public sector are being privatised by local managers who believe the only way to improve services and save money is to put them in the hands of the private sector.
- This document aims to help UNISON branches counter many of the lazy assumptions underlying the rise of “procurement”.

The idea that we get the best out of our public services when we contract them out to the private sector has become, for some people, an unchallenged piece of common sense. Amongst many politicians, commentators and senior public sector officials the assumption that private is better than public has taken a firm grip. UNISON branches have seen the effect of this consensus across the public sector. It's a position which has prompted a whole raft of policies to force and encourage privatisation, created an entire public services industry and given rise to an army of “procurement and commissioning” experts.

The short version of their argument goes something like this: The private sector has the specialised skills and management insight needed to provide public services at a higher quality and a lower cost than is possible within the public sector. The rigors of market competition make private sector providers leaner and more responsive. They cut unnecessary costs and hit performance targets because, if they don't, they will lose business and go bust. By contrast, in-house public services are likely to be diverted by producer interests, creating bloated, unresponsive bureaucracies. Faced with these alternatives, the only sensible policy is to procure public services from the private sector, picking the right organisations for the right job, and leaving service delivery to the private sector experts.

Importantly, this “commissioning” model can claim to be unbiased towards the private sector. Public sector solutions should be judged alongside all other options, we are told, and if they are shown to be superior then they should run the service. Nothing is ruled in, and nothing is ruled out. But the raft of negative assumptions made about the public sector from the outset means the in-house option is always unlikely to be seen as competitive. As a result the political and controversial decision to privatise a service is often presented as the only legitimate, sensible and cost saving option.

To see how this translates into practice we need only look at the recent examples of Somerset and Essex councils. Both have put out to tender all of their core services. In both cases they have presented themselves as trailblazers for the future of public services. Public sector organisations are increasingly being incentivised to contract-out more and more services, and the government has placed “procurement” at the centre of its strategy for saving money to cut public sector debt. The public sector currently spends £74 billion a year on procuring services externally, a figure that analysts think will grow to over £100 billion by 2013.<sup>1</sup>

The purpose of this document is to tell a different story, and offer an alternative to the established consensus, which is based on a number of myths. At every level of our union UNISON representatives need to persuade the doubters that public services are better run by the public sector. This alternative viewpoint needs to be based on facts, figures and evidence and avoid preaching to the converted. When employers tell UNISON reps

<sup>1</sup>Excluding some elements of transport, utilities, postal services, finance and telecommunications. Including these elements the figure is £93 billion. Taken from Public Sector Out Sourcing: The Big Picture to 2012, September 2007, Kable

that there is no alternative to privatisation, we need to show that there is. When they say privatisation will save public money, we must present the evidence which shows that, on the whole, it does not. When they say the public sector can't turn failing services around, we need to show that it can. We hope that the guidance presented here will help you to challenge the "private good, public bad" mantra and show public sector employers that there is another way.

## Challenging the myths

Propping-up the consensus view on privatising public services are a number of questionable assumptions. For many key decision makers these are iron laws of public sector reform based on a sober assessment of the evidence. This, in turn, can force the private sector solutions onto public sector managers hoping to improve services and save money at the same time. Often, without really looking at the facts, policy makers will jump to the conclusion that out-sourcing is the most attractive option. To them it appears as an easy and reliable way to hit financial and performance targets with the minimum of worry and delay. In order to challenge this kind of thinking, UNISON branches need to call into question some of the myths which surround privatisation and the behaviour of the public sector. Below we set out the most common assumptions and examine how they compare to the facts:

### **Myth 1 Contracting-out to the private sector saves money.**

#### **In brief**

- Too often public sector managers compare the current cost of providing a service with the price of contracting-out and jump to the conclusion that the only way of saving money is to out-source.
- Even the Audit Commission says this is wrong. This approach assumes that no savings can be made if services are kept in-house
- Contracting out is expensive in itself. Fees for lawyers and consultants need to be taken into account when considering the cost of contracting out.
- When things go wrong, huge costs can fall on the public sector for contract cancellation and bringing services back in-house.
- There is often little competition for contracts which means contract prices are often very high.

The crudest of all assumptions about privatisation is that it will save money. This argument is pushed particularly hard by private sector contractors seeking to win new business, knowing that public sector managers across all sectors are under pressure to make budget savings.

On the face of it, contracting-out a service can appear to bring down costs in the short term. Yet, these savings are only achieved by cutting back on staff and the quality of services provided (see myth 3). But even putting this to one side, it is simply not true to say that contracting-out is cheaper than keeping services in-house.

To come to this conclusion policy makers often mistakenly compare the costs of paying a private company to provide a service with the original cost of providing the service in-house. This is an unfair comparison, because privatising services is not the only way to make them more efficient. Even the Audit Commission has identified this as a mistaken way of calculating savings.<sup>2</sup>

Instead decision makers should compare the costs of a contract with the savings which could have been made if services had been re-organised in-house. They can see how this might be achieved by resourcing a full in-house service development plan. There are countless examples of the public sector restructuring itself to improve services and save money without having to encounter all the other disadvantages of privatisation. See Table 1 below for examples of this.

<sup>2</sup>From the Audit Commission's 2008 report For Better, For Worse: Value for money in Strategic Delivery Partnerships: "Many have compared the annual charge paid to the contractor to the previous cost of providing the same service. However, this approach does not account for additional efficiencies that may have been achieved from in-house provision. . ."

And when services are contracted-out they often end up costing public sector employers more, not less. Fees for lawyers and consultants to steer public authorities through complex procurement procedures push up costs. Managing contracts after they have been awarded require significant resources, and when services fail, extra costs are incurred to bring them back in-house. Private companies who have completely failed to provide the services they were contracted to deliver can still charge a local authority for cancelling a contract. See Table 2 below for examples of this.

One of the reasons people think that contracting-out will save money is because they imagine that numerous private companies are competing for each contract which will drive down costs. But the reality is that only a handful of companies are competing for each type of contract.<sup>3</sup> The real level of competition for public sector contracts is generally low and the prices charged by the private sector for running services remain high. A National Audit Office Study of privatised facilities services contract found that nearly half had not demonstrated value for money.<sup>4</sup>

**Table 1. Saving money: Examples of efficiency savings and service improvements from services being brought back in house**

Public Authority	Details
Newcastle City Council	An in-house, four year transformation programme has now delivered £24 million savings, more than was originally hoped for. Performance is improving significantly in all areas and savings are forecast to rise to £30 million.
NHS 24	In 2008/09 NHS24 (the health advice service provided by NHS Scotland) set out their plan to save £269,000 by bringing the delivery of training back in-house. <sup>5</sup>
Tonbridge and Malling District Council	By bringing the homelessness and housing register service back in-house and by adopting a more preventative approach to homelessness, the authority will reduce the numbers requiring bed and breakfast accommodation, thus ensuring cost and efficiency savings.
Wallsall MBC	A £650m project requiring transfer of 1,500 staff to a private IT services company was abandoned in January 2006 at the preferred bidder stage. A council spokesman stated “strong service improvements” had been achieved by the local authority in the past few years, and “it is now better placed to meet the needs of local people without the joint venture.” <sup>6</sup>
Cheltenham Council	The council had contracted out the management of its sport and leisure services to a private contractor. In November 2002 members of the council unanimously approved the decision to bring the contract back under the control of the council from April 2003. Cllr Duncan Smith, chair of overview and scrutiny, commented: “The record of the current contract has been examined and found wanting... ” <sup>7</sup>
NHS England (Independent Sector Treatment Centres)	In 2003 the Government commissioned 36 Independent Sector Treatment Centres (ISTCs) to add extra surgery beds for simple, routine operations. Most, though not all, of the ISTCs are privately run. Department of Health figures show that ISTCs cost 11% more per operation than beds provided in the public sector and bed occupancy falls as low as 78%, far below the NHS which is well over 90% <sup>8</sup>

<sup>3</sup> The Audit Commission has noted the dangers of “scarcity, or lack of diversity, in supply, caused by monopoly, high market concentration among suppliers”. In Health Competition, 2007

<sup>4</sup> Cited in The Rise of the Public Services Industry published by UNISON in September 2008

<sup>5</sup> Five Year Financial Plan”, NHS 24 <http://www.nhs24.com/content/mediaassets/board/8.%20Five%20Year%20Financial%20Plan.pdf>

<sup>6</sup> Taken from PPP DATABASE Strategic Service-Delivery Partnerships for local authority ICT, corporate and technical services in Britain, Dexter Whitfield, European Strategy Services.

<sup>7</sup> From The Leisure Connections Dossier, Paul Burns, 2007

<sup>8</sup> Polly Toynbee, The Guardian, 19/10/2009, “Beware the zealots selling the miracle cure of privatisation”: <http://www.guardian.co.uk/commentisfree/2009/oct/19/beware-zealots-selling-miracle-cures>

**Table 2. The cost of privatisation: Examples of money wasted by the contracting out of services**

Public Authority	Details
Bristol City Council	In 2009, a failed bidder for a private finance initiative project to build a new £21m leisure centre in Bristol was paid <b>£800,000</b> by the local authority so that building could begin. The failed bidder threatened to sue the authority over its unsuccessful bid because some of its proposals that were rejected featured in the proposals from the winning bidder.
Lambeth Council	In 2000 Lambeth council was forced to spend <b>£1.5 million</b> to take back control of its housing benefits operation from a private contractor, who had failed to clear a 48,000-claim backlog and left some residents facing eviction.
Brighton Council	Brighton Council had to pay PFI contractors <b>£4.5m</b> in 2005 when Comart Media and Arts School closed. Pupil numbers had dwindled and the local authority has had to pay in order to buy out the PFI contract.
NHS Wales	The privatisation of home supply to patients in Wales cost £6m a year – <b>three times the price that was originally estimated</b> . Confusion in switching the supply of oxygen from local chemists to a private contractor resulted in the NHS paying more for the service.
Dundee University	A new university hall of residence was constructed for Dundee University, as a joint venture with a private sector operator. The halls failed to attract sufficient students and the JVC recorded losses in sequential years of <b>£400,000 and £1.3 million</b> . The university has had to provide funding to the company from its own revenues.
Bedfordshire Council	A business services contractor won a 12 year £267 million contract with Bedfordshire County Council in 2001 to modernise support services. After a number of changes in the ownership of the contractor service performance declined. The final straw was an accounting problem that prevented the council from filing its accounts for 2003/4. In September 2005 <b>Bedfordshire County Council paid £7.7m</b> to terminate its 12 year contract, after just four years, bringing 546 staff back in house.

## Myth 2

### Contracting-out services will improve them

#### In brief

- Contrary to free market theory, privatising services does not automatically improve them.
- Many of the ingredients for long-term success (such as long-term investment, good staff engagement) are more likely to be found in the public sector
- Contracting-out introduces the risk of lowering standards and even complete service failure which can be avoided by putting in place an in-house service development plan.
- The inflexibility of public sector contracts and the loss of direct management control mean that when things start to go wrong on a contract, it can be very difficult to turn things around (see case studies)

Proponents of the supposed virtues of private sector management often make bold statements about its ability to introduce skills and innovation to the public sector. According to theories of free-market neo-liberalism, private firms are more sensitive to the needs of their customers, better able to innovate and more focused on delivering quality services. But the truth is that contracted-out services are generally poorer than their in-house equivalent and rarely are they any better.

## **Case Study 1**

### **Contracting out of cleaning services in NHS hospitals**

Since the 1980s cleaning has been out-sourced to the private sector across large swathes of the NHS. Approximately 40% of hospitals now use the private sector. Throughout this period resources allocated to hospital cleaning were cut back, meaning that both in-house and contracted out-cleaning standards dropped. As a result the number of hospital acquired infections grew rapidly, for example MRSA infections rose from 2% in 1990 to 40% in 2000 and continued to rise in subsequent years. This cost the NHS £1 billion a year in treatment costs.

There is evidence to suggest that cleaning standards dropped more rapidly in those hospitals where cleaning services had been contracted out. In 2000/1 22 out of 23 hospitals that failed the cleaning aspect of NHS performance ratings (traffic light system) were cleaned by private contractors. This was at a time when between one-third to a half were cleaned by private contractors. More recently in 2004, the latest ratings of hospital cleanliness, 15 of the 24 hospitals which were rated as poor or unacceptable had their cleaning services provided by private companies.

The Scottish government has now announced that all cleaning, catering and other so-called 'soft' facilities management services in the country's clinical premises are to be exempt from contracting out in future schemes, whether or not they are funded through Public Private Partnerships. Wales has recently announced a similar move, and in Northern Ireland the majority of services have been retained in the NHS.

## **Case Study 2**

### **Bedfordshire County Council and HBS Business Services Group**

In June 2001 Bedfordshire County Council agreed a partnership with a private contractor, transferring 550 staff to the private company. The local UNISON branch commissioned ESSU to do an evaluation of the Partnership which revealed it had failed to deliver on promises made when the contract was signed.

According to ESSU, the report stated that the contractor had failed to improve the quality of services (top 25% Best Value performance was promised, yet performance of some indicators declined); A Bedfordshire Regional Business Centre and new jobs failed to materialise.

The County Council has incurred substantial additional costs on the partnership and there are question marks over whether the savings targets were met. ESSU examined County Council and partnership documents and interviewed several County Council and contracted out staff. The contract was terminated in August 2005.<sup>9</sup>

## **Case Study 3**

### **Parking Enforcement Services at Lambeth Council**

In August 2003 Lambeth Council awarded a contract for parking enforcement to a private contractor (the contract had previously been also been held by another private sector provider). Following the award of the contract complaints about over-zealous parking enforcement began to appear in the local press. In the period following the award of the contract the number of tickets issued rose rapidly and the number of appeals against tickets also grew.

Suspicions about the incentives contained within the contract were confirmed when a local newspaper published details. This included a stipulation that parking wardens should issue an average of 12 tickets for every 8 hour shift they worked, or else the contractor would see a reduction in the payments they received from Lambeth. Despite the revelations, the contract remained in place and the over-zealous ticketing continued. This included a ticket being issued on a scooter which had been involved in a road accident whilst its owner was being placed in the back of an ambulance.

<sup>9</sup> Taken from European Strategy Services Website: <http://www.european-services-strategy.org.uk/outsourcing-library/contract-and-privatisation-failures/strategic-partnership-terminated-by-bedfordshire/>

The controlling parties which formed Lambeth's administration felt unable to vary the terms of the contract. Partly as a result the parking contract they were voted out of office in May 2006, and the new administration removed the ticketing incentives from the contract.

## **Myth 3**

### **Services can't be restructured or improved when they are kept in-house**

#### **In brief**

- Just as private companies are not inevitably irresponsible, profit obsessed, employers, neither is the public sector bound to be slow, bureaucratic and resistant to change.
- UNISON branches have been involved in a number of staff re-organisations within the public sector which show that services can be improved when the employer and staff representatives work together.
- The example of Newcastle City Council shows what can be done when trade unions and public sector management work together.

Those who assume that contracting-out is a no-risk way of improving public services also commonly jump to another conclusion: that poor services which remain in-house cannot be significantly improved. They argue that when things start to go wrong in the public sector, managers are not capable of the innovation and decisive action needed to turn things around. Public sector bureaucrats, they say, are "stuck in their ways" and too eager to protect their own interests.

But just as private companies are not inevitably irresponsible, profit obsessed, employers, neither is the public sector bound to be slow, bureaucratic and resistant to change. Blanket assumptions of this type are based on ideological dogma which ignore the evidence all around us. UNISON branches have been involved in a number of staff re-organisations within the public sector which show that services can be improved when the employer and staff representatives work together.

One example is Newcastle City Council's transformation programme. This shows us what can be achieved by real partnership working. The process began with confrontation between UNISON and the employer, but ended with a successful re-structuring programme which kept jobs in the public sector.

In 1999, with back office services under threat of privatisation Newcastle UNISON branch carried out extensive research into the performance of private sector bidders in other out-sourced contracts, convincing some middle managers that the promised savings may not be delivered by private sector involvement. This prepared the ground for the development of a business case for an in-house option. UNISON secured union involvement in the procurement process, enabling them to influence the council's evaluation of the various proposals.

This dual strategy included industrial action being taken in September 2001 which ensured that key decision makers were in no doubt about the strength of feeling among workers and community representatives. In October 2001 the Labour group agreed a resolution committing to an in-house bid, sending a strong message to senior management on the need to work more constructively with the unions to develop a non-privatised solution.

UNISON reps say one key to the development of an in-house option was showing management that they were not opposed to change or efficiency improvements. Eventually a new model for delivering the services within the public sector was approved leading to a £250 million, 10 year contract. This was not painless, not least because of a 25% reduction in staff working on these services. However all redundancies were voluntary and there was a real commitment by the council to re-training and redeployment of staff.

UNISON was heavily involved in implementing the transformation programme as well as the procurement process itself. An in-house, four year transformation programme has

now delivered £24 million savings, more than was originally hoped for. Performance is improving significantly in all areas and savings are forecast to rise to £30 million.

An example from the health sector comes from UNISON's Barnet Primary Care & Mental Health branch. In the final years of John Major's government the branch was instrumental in fending off privatisation of services at Napsbury Psychiatric Hospital. During the process of compulsory competitive tendering the branch consistently argued for an in-house bid, which was eventually found to offer better value for money than any private sector bidders. The hospital closed in 1999 for unconnected reasons.

A short book has been written about the Newcastle City Council experience called "Public service reform . . . but not as we know it." For details of how to order the book visit: [http://www.unison.org.uk/activists/procurement/pages\\_view.asp?did=8623](http://www.unison.org.uk/activists/procurement/pages_view.asp?did=8623)

## **Myth 4**

### **Contracting services out is not political – it's just a management decision**

#### **In brief**

- There is a real, practical difference between services managed by the public sector and those run by the private sector. It is a mistake to just pretend these differences don't exist. Contracting out is political.
- The pressure to return a profit on private sector management means they are less likely to value long-term investment.
- Studies show that people who work in the public sector have a greater commitment and emotional attachment to their work
- The public are fully aware that introducing the profit motive into public services can have a damaging effect.
- Concerns about contracting out and a preference for keeping public services public consistently show up in public opinion surveys. People want their public services to be run by the public sector.

"Managerialism" has become a fashionable way of thinking about public service reform. It's common to hear politicians and senior public sector managers telling us they only care about "what works" and warning against an "outdated" focus on the differences between the public and private sector. Such an approach encourages us to think about the commissioning of services as a dry technical decision which ignores issues such as democratic accountability and the importance of the public service ethos. The unspoken assumption here is that the general public have no interest in who runs public services, and certainly no preference for the public sector.

But this is misleading. Private sector firms are unsurprisingly focused on making a profit out of the services that they run. That's doesn't necessarily mean that they are irresponsible employers or will automatically provide poor quality services, but it does mean their overall objective is different from that of the public sector. This is an unavoidable political fact that has very real practical implications.

The pressure to return a profit on private sector management means they are less likely to value long-term investment. It was precisely this problem which lead to the collapse of Railtrack in 2002. The private company which was responsible for maintaining Britain's railways consistently failed to deliver on investment in infrastructure, whilst still returning a profit to its shareholders. The company was constantly being bailed out with taxpayers' money until eventually the government brought it back under public ownership. For smaller scale contracted-out services in local authorities or NHS Trusts we can see a similar trend. For example, private sector management often cut back on staff training because this saves them money in the short-term, but the long term effect leads to poorer services. Without the pressure to please shareholders, public sector managers are better placed to focus on the long-term objective of providing quality services at value for money.

The public service ethos which contrasts with the private sector's profit motive also cannot be ignored. Studies show that people who work in the public sector have a greater commitment and emotional attachment to their work. In short, they care more about their work because they see themselves as public servants. Those who favour privatisation often talk as if nothing of value is ever lost when employees are transferred from the public to the private sector. But in truth, the growth of contracting out has eroded the personal connection that many workers in the NHS, local government and education feel toward the services they provide. This may be one reason why private sector contracts often fail to deliver adequately.

Crucially, the public are fully aware that introducing the profit motive into public services can have a damaging effect. Concerns about contracting out and a preference for keeping public services public consistently show up in public opinion surveys. Tables 3 and 4 show how strongly engrained these views are held.

**Table 3.**  
**Ipsos/Mori Survey June 2009 – Who should run public services**

Statement	Agree	Disagree
In principle, public services should be run by the government or local authorities, rather than by private companies	73	19
In principle, health services should be run by the Government and public organisations, rather than by private companies	78	14
People who provide Britain's health services should be employed by the NHS rather than by private companies.	73	18

**Table 4. Ipsos/Mori Survey June 2009 - Who should run the NHS?**

	The NHS should be run by private sector to encourage competition	The NHS should be run by public sector to encourage a joined up service
Which of these opinions comes closest to your own view?	21	75

## **Myth 5**

### **Contracting-out transfers risk to the private sector**

#### **In brief**

- We shouldn't assume that risks (such as service failure or cost over-runs) are transferred to a contractor when they are contracted out.
- The importance of public services often makes it impossible to transfer risk.
- If a contractor fails to provide adequate services or goes bust, the NHS trust or Local Authority cannot simply stop providing the service.
- As a result they often step in and clear up the mess that out-sourcing has created.

One of the unspoken assumptions which encourages contracting-out is the idea that it transfers the risks of providing a service away from the tax-payer. The theory is that a private company will take on a project and if there are cost over-runs or service failures, it will be the private sector will take responsibility and take appropriate action.

This assumption runs through whole swathes of policy papers written by public sector managers. Consider this extract from a London Underground Report on PFI schemes: “One of the fundamental principles on which the Private Finance Initiative is based is the achievement of value for money which itself is primarily achieved through the transfer of risk.”<sup>10</sup>

But in the real world, be it through PFI or straightforward contracting out, risk is rarely transferred. There are hundreds of examples of contractors failing to deliver on the promises made in their contracts and the public sector employer is forced to step in and sort out the mess. Table 2 gives shows some of these cases, but they are by no means isolated. The regulatory and legal framework which governs public sector procurement gives public authorities very little chance of holding the private sector to account when things go wrong.

Even private risk assessment consultant Zurich have pointed out the risks that public sector employers are taking when they contract-out services. In 2009 they published a report entitled “Public sector supply chain: risks, myths and opportunities - A New World of Risk”. The report states:

*Often, a lawyer will indicate that the contract wording imposes all the risk on the counterparty. However, if the counterparty is delivering a critical and urgent service, the failure of that counterparty will itself create a potential failure of the authority's own responsibilities.*<sup>11</sup>

In plain English, this means that the importance of public services makes it impossible to transfer risk. If a healthcare contractor fails to provide adequate primary care services or goes bust, an NHS trust cannot simply stop providing primary care. They have to step in and provide the service, taking on extra costs and responsibilities that they'd thought had been handed over to the private sector. So the question arises, if a service is being provided adequately in-house or can be improved in house, why take the risk of contracting it out?

## Conclusion

UNISON negotiators at national, regional and branch level have a difficult task ahead of them to persuade public sector managers that privatisation is not the solution to all their problems. The myths outlined in this document are deeply engrained and are often endorsed by senior politicians and commentators. The pressure to privatisate is only increasing as a result of high levels of public sector debt created by the banking crisis. But as this document shows, it is possible to make a constructive, positive case for keeping services in house which meets concerns about cost and service improvements.

Despite the prevalence of the “private good, public bad” viewpoint, the climate of opinion does seem to be changing. The fall-out from the 2008 banking crisis and the accompanying economic downturn means that, at the very least, the private sector’s halo has slipped.

But arguing against privatisation should not just be about criticising the private sector. It should also be about making the positive case for publicly run services. At their best, our public services are an example to the whole world. Protecting and extending the public service ethos which sits at the heart of the NHS, education and local government in this country is crucial to winning this argument. By using the arguments outlined in this document you can help to persuade key decision makers that there is a route to efficient, value for money services that does not involve contracting-out and privatisation.

<sup>10</sup> The Private Finance Initiative within London Underground Limited: Nell Woodings and Mark Gaunon [www.etproceedings.org/paper/download/2065](http://www.etproceedings.org/paper/download/2065)

<sup>11</sup> Public sector supply chain: risks, myths and opportunities - A New World of Risk: <http://www.zurich.co.uk/NR/rdonlyres/82A58CDF-D38F-414F-AC43-CB0C4CBB7CBF/0/thebriefingpaperfullversion.pdf>

# Where to get further information

If your branch is facing any issues relating to privatisation with which you need support, your first step should be to get in touch with your regional officer. For further guidance, information and model documents see the following:

## Introduction to Procurement

This easy to follow “Introduction to Procurement” introduces the broad themes on this issues and signposts the relevant parts of the main guidance.

[www.unison.org.uk/file/Introduction%20to%20Procurement%2Final..2.pdf](http://www.unison.org.uk/file/Introduction%20to%20Procurement%2Final..2.pdf)

## From Commissioning to Contract Evaluation: UNISON’s guide to procurement

Full Guidance to help UNISON reps and branches respond effectively to moves to outsource or buy in services, and support members transferred to private contractors.

[www.unison.org.uk/acrobat/17808.pdf](http://www.unison.org.uk/acrobat/17808.pdf)

## Model Procurement Agreement

This model agreement can be used as a starting point to negotiate with employers over the issue of procuring services

[www.unison.org.uk/file/Model%20Procurement%20Agreement%20Final%20Version.doc](http://www.unison.org.uk/file/Model%20Procurement%20Agreement%20Final%20Version.doc)

## Model Two Tier Workforce Agreement

This model agreement can be used to ensure a two tier workforce doesn't develop when workers are transferred to a new employer.

[www.unison.org.uk/file/Two%20Tier%20Workforce%20Agreement%20Final.doc](http://www.unison.org.uk/file/Two%20Tier%20Workforce%20Agreement%20Final.doc)

## Procurement Factsheets for Scotland, Wales and Northern Ireland

Factsheets covering the differences on procurement in the devolved nations

Scotland: [www.unison.org.uk/file/Procurement\\_factsheet\\_SCOTLAND.pdf](http://www.unison.org.uk/file/Procurement_factsheet_SCOTLAND.pdf)

Wales: [www.unison.org.uk/file/Procurement%20in%20Wales.pdf](http://www.unison.org.uk/file/Procurement%20in%20Wales.pdf)

Northern Ireland: [www.unison.org.uk/file/Procurement%20in%20Northern%20Ireland.pdf](http://www.unison.org.uk/file/Procurement%20in%20Northern%20Ireland.pdf)

## Model Procurement Letters for Branches

A booklet of model letters for branches to use as before and during the procurement process.

[www.unison.org.uk/file/Procurement%20model%20letters.pdf](http://www.unison.org.uk/file/Procurement%20model%20letters.pdf)

## Equal pay, privatisation and procurement

from the Institute of Employment Rights explores the links between privatisation, the gender pay gap and the legal hurdles women face trying to manoeuvre between the complexities of equal pay and transfer laws.

[www.unison.org.uk/acrobat/IER8917.pdf](http://www.unison.org.uk/acrobat/IER8917.pdf)

## Shared Services Branch Guidance

Guidance for Branches on how to deal with a shared services reorganisation.

[www.unison.org.uk/file/Shared%20Services%20Branch%20Guidance%202008%20-%20Final.pdf](http://www.unison.org.uk/file/Shared%20Services%20Branch%20Guidance%202008%20-%20Final.pdf)

## Organising guide to transfers of employment

All the information and advice you will need when dealing with transfers, from start to finish

[www.unison.org.uk/acrobat/PCU\\_Organising\\_guide.pdf](http://www.unison.org.uk/acrobat/PCU_Organising_guide.pdf)

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